

For Immediate Release
October 15, 2004

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Senate's numbers show \$72 million deficit for fiscal year 2006 budget

Sen. Sikkema urges 'spending more wisely' to address shortfall

LANSING – Senate Majority Leader Ken Sikkema today said that early reports of a \$500 million budget deficit for fiscal year 2006 are unrealistic.

“Using an inflated figure isn’t helpful to the process and simply scares people unnecessarily,” said Sikkema, R-Wyoming. “If we hold the line on spending and don’t add to the price of government for 2006, the structural deficit is \$72 million. It’s still a hole we have to deal with, but it’s easily manageable if we focus on squeezing one hundred pennies of value from every tax dollar.”

According to the Senate Fiscal Agency, the “structural imbalance” in place at the end of fiscal year 2005 is approximately \$72 million. That is a significantly lower amount than the \$573 million deficit in 2004 and the \$757 million deficit in 2003.

“The structural deficit is down right now, but pressures are mounting,” Sikkema said. “We will only have a \$500 million deficit again if we increase spending. We need to stop looking at how much we have to spend and focus on spending what we have more wisely.”

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Editor’s note: Budget documentation provided by the Senate Fiscal Agency is available for e-mail or fax distribution. Contact Ari B. Adler at 517-373-5886 for more information.

General Fund/General Purpose Budget History (millions of dollars)			
Fiscal Year	On-Going Revenue	Dollar Change	Percent Change
1997-98	\$8,810.5	\$444.0	5.3%
1998-99	9,580.0	769.5	8.7
1999-2000	9,799.3	219.3	2.3
2000-01	8,989.5	(809.8)	(8.3)
2001-02	8,368.0	(621.5)	(6.9)
2002-03	8,073.9	(294.1)	(3.5)
2003-04	8,250.1	176.2	2.2
2004-05	8,627.4	377.3	4.6
Revenues have declined by \$1.2 billion or 12.0% from FY 1999-2000 to FY 2004-05.			
Fiscal Year	Appropriations	Dollar Change	Percent Change
1997-98	\$8,735.1	\$366.0	4.4%
1998-99	9,415.0	679.9	7.8
1999-2000	9,607.7	192.7	2.0
2000-01	9,744.4	136.7	1.4
2001-02	9,189.3	(555.1)	(5.7)
2002-03	8,830.9	(358.4)	(3.9)
2003-04	8,822.4	(8.5)	(0.1)
2004-05	8,699.4	(123.0)	(1.4)
Appropriations have declined by \$908.3 million or 9.4% from FY 1999-2000 to FY 2004-05			
Comparison of On-Going GF/GP Revenues with GF/GP Appropriations (millions of dollars)			
Fiscal Year	On-Going Revenue	Appropriations	Structural Imbalance
1997-98	\$8,810.5	\$8,735.1	\$ 75.4
1998-99	9,580.0	9,415.0	165.0
1999-2000	9,799.3	9,607.7	191.6
2000-01	8,989.5	9,744.4	(754.9)
2001-02	8,368.0	9,189.3	(821.3)
2002-03	8,073.9	8,830.9	(757.0)
2003-04	8,250.1	8,822.4	(572.3)
2004-05	8,627.4	8,699.4	(72.0)

Source: Senate Fiscal Agency